

**Introduced by Senator Runner**

February 18, 2016

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An act to add and repeal Sections 17053.50 and 23650 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1272, as introduced, Runner. Income taxes: credit: small business employee savings plan.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would allow, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, a tax credit under both laws in an amount equal to 50% of the qualified taxpayer's contributions to a qualified employee savings plan, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17053.50 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.50. (a) For taxable years beginning on or after January
- 4 1, 2016, and before January 1, 2021, there shall be allowed to a
- 5 qualified taxpayer a credit against the "net tax," as defined in
- 6 Section 17039, in an amount equal to 50 percent of the qualified
- 7 taxpayer's contributions to a qualified employee savings plan, not

1 to exceed two thousand dollars (\$2,000) per employee per taxable  
2 year.

3 (b) For purposes of this section:

4 (1) “Qualified employee savings plan” means an employee  
5 savings plan where at least half of the recipient employees earn  
6 less than forty thousand dollars (\$40,000) in wages received from  
7 the qualified taxpayer per taxable year.

8 (2) “Qualified taxpayer” means a taxpayer that is a small  
9 business as defined in Section 14837 of the Government Code.

10 (c) This section shall remain in effect only until December 1,  
11 2021, and as of that date is repealed.

12 SEC. 2. Section 23650 is added to the Revenue and Taxation  
13 Code, to read:

14 23650. (a) For taxable years beginning on or after January 1,  
15 2016, and before January 1, 2021, there shall be allowed to a  
16 qualified taxpayer a credit against the “net tax,” as defined in  
17 Section 17039, in an amount equal to 50 percent of the qualified  
18 taxpayer’s contributions to a qualified employee savings plan, not  
19 to exceed two thousand dollars (\$2,000) per employee per taxable  
20 year.

21 (b) For purposes of this section:

22 (1) “Qualified employee savings plan” means an employee  
23 savings plan where at least half of the recipient employees earn  
24 less than forty thousand dollars (\$40,000) in wages received from  
25 the qualified taxpayer per taxable year.

26 (2) “Qualified taxpayer” means a taxpayer that is a small  
27 business as defined in Section 14837 of the Government Code.

28 (c) This section shall remain in effect only until December 1,  
29 2021, and as of that date is repealed.

30 SEC. 3. (a) In accordance with Section 41 of the Revenue and  
31 Taxation Code, the purpose of the credit allowed by Sections  
32 17053.50 and 23650 of the Revenue and Taxation Code, as added  
33 by Sections 1 and 2 of this act is to promote savings for employees,  
34 especially young and low-income workers who have no savings  
35 and no retirement options other than Social Security. To measure  
36 whether the credit achieves its intended purpose, on or before  
37 January 1, 2018, and each January 1 thereafter, the Franchise Tax  
38 Board shall annually prepare a written report to the Legislature of  
39 the following:

1 (1) The percentage of employees under 30 years of age who are  
2 receiving matching funds.

3 (2) The percentage of employees earning less than forty  
4 thousand dollars (\$40,000) per annum who are receiving matching  
5 funds.

6 (b) A report submitted pursuant to subdivision (a) shall be  
7 submitted in compliance with Section 9795 of the Government  
8 Code.

9 SEC. 4. This act provides for a tax levy within the meaning of  
10 Article IV of the Constitution and shall go into immediate effect.

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